



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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Nonresident Servicemembers

On December 19, 2003, President Bush signed the *Servicemembers Civil Relief Act* (Public Law No. 108-189), which made amendments to the *Soldiers' and Sailors' Civil Relief Act of 1940*. Section 2 of the law contains a provision which alters the computation of Maine individual income tax for certain nonresidents that will affect the 2003 returns for some military taxpayers.

Effective immediately, Section 511(d) of the Act prevents states from including the military compensation of a nonresident servicemember in the total income when computing the applicable rate of tax imposed on other income earned by the nonresident servicemember, or their spouse, that is subject to tax by the jurisdiction.

Since the 2003 Maine income tax return includes this income in federal adjusted gross income, a deduction must be made on the Maine return for a nonresident servicemember. However, because the law was enacted after the forms were printed for the 2003 tax year, there is no line on the Maine return in which to subtract this income. To deduct the military income of a nonresident servicemember from the Maine taxable income in 2003, use the following instructions

- 1) Enter the total federal adjusted gross income on Form 1040ME, line 14.
- 2) Complete Form 1040ME, Schedule 1. Include the amount of military compensation of the nonresident servicemember on Form 1040ME, **Schedule 1, line 2j, 'Other'** and enter "*NR military compensation*" in the space provided.
- 3) Complete Form 1040ME, lines 15 through 24.
- 4) Complete Form 1040ME, Worksheet A (if applicable) and Worksheet B for nonresidents/part-year residents. **NOTE: When completing Worksheet B, include the military compensation received by the nonresident servicemember on line 1, columns A and D. This procedure will ensure the proper determination of non-Maine-source income.**
- 5) Complete Form 1040ME, Schedule NR or Schedule NRH (whichever is applicable). **NOTE: The military income of a nonresident servicemember should be included on both line 1, boxes A and C and line 5b of Schedule NR or, in the case of a nonresident military person filing Schedule NRH, the income should be included on line 1 and line 5b, columns A, B and C.. This procedure will ensure the proper ratio for the determination of the non-resident credit.**
- 6) Complete 1040ME, lines 25 through 36.

A "servicemember" is defined as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration. It also includes a member of the National Guard who is under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds.

Any further questions about the computation of Maine individual income tax for certain nonresidents should be directed to the Income/Estate Tax Division of Maine Revenue Services at income.tax@maine.gov or call 207-626-8475.

New Tax Division Assistant Executive

Maine Revenue Services is pleased to announce that Sara Lewis has accepted the position of Tax Division Assistant Executive in the Sales, Fuel and Special Tax Division. Her responsibilities will include the general administration and audit oversight of all fuel taxes, including IFTA and IRP audit programs, and special taxes including potato, blueberry, quahog, railroad, cigarette, tobacco products and health care provider taxes as well as provide assistance to the Director in legislative analysis and administration of the entire Division.

Sara has been employed with Maine Revenue Services for 12 years. She worked as a Revenue Agent for 7 years in the Audit Division performing audits of businesses and individuals for Maine sales, use, income and withholding taxes. For the past 5 years, Sara has worked in the Criminal Unit, first as a Senior Revenue Agent and more recently as a Tax Enforcement Officer, performing criminal and civil audit investigations. Prior to her career at MRS, Sara's work experiences were as an Accountant, Accounting Clerk, University Instructor and Retail Store Assistant Manager.

Ms. Lewis is a graduate of the University of Maine, where she has earned a Bachelors degree in Accounting and a Masters Degree in Business Administration. In addition, Sara is a Licensed Certified Public Accountant.

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<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 287-2076	(207) 287-5855	
Appellate	(207) 287-8549	(207) 287-3294	
Central Registration	(207) 287-2338	(207) 287-3733	division.uctax@maine.gov
Collections & Compliance	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Corporate Tax	(207) 624-9670	(207) 624-9694	corporate.tax@maine.gov
E-file Help Desk	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Economic Research	(207) 287-6965	(207) 287-3618	
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	efunds.transfer@maine.gov
Estate Tax	(207) 626-8480	(207) 624-9694	income.tax@maine.gov
Fuel Tax	(207) 624-9745	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9582	(207) 624-9694	
Payment Plan/Income Tax	(207) 621-4300	(207) 621-4328	compliance.tax@maine.gov
Payment Plan/Other	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 287-2011	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 624-9684	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
TTY Service	(207) 287-4477	-----	
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

STATE OF MAINE

John Elias Baldacci, Governor

Rebecca M. Wyke, Commissioner
Administrative and Financial Services

Jerome D. Gerard, Acting Executive
Director, Maine Revenue Services

Suggestions for the Tax Alert?

Please contact: Public Communications
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